

Message Text

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21

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 SP-02 USIA-06 AID-05

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 H-02 L-03 PA-01 PRS-01 AGR-05 /112 W

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R 030618Z AUG 76

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 8657

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

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EO 11652: NA

TAGS: ECON, EFIN, ETRD, OECD, UNCTAD, AS

SUBJ: VIEWS OF AUSTRALIAN DEPARTMENT OF FOREIGN AFFAIRS (DFA)
ON INTERNATIONAL RESOURCES BANK (IRB)

REF: A. CANBERRA 4665 (NOTAL), B. STATE 150357, C. STATE 142614

1. EMBOFF INVITED BY WHITE, DIRECTOR, U.N. ECONOMIC AGENCIES
SECTION, DFA, TO REVIEW "CONFIDENTIAL" DFA MEMORANDUM ON IRB.
FOLLOWING IS SUBSTANCE OF MAIN POINT IN MEMORANDUM:

2. AUSTRALIA IS PREPARED GIVE CAREFUL CONSIDERATION TO
PROPOSAL, RECOGNIZING THAT IT NEEDS FURTHER ELABORATION AND
CLARIFICATION BEFORE WE ARE ABLE TAKE DEFINITE POSITION.
FOLLOWING CONSIDERATIONS ARE IMPORTANT: WHETHER WE WILL
SUPPORT IRB PROPOSAL IN CIEC WILL DEPEND TO AN IMPORTANT
EXTENT ON THE LEVEL OF SUPPORT WHICH CAN BE FOUND IN G-19
AND G-8. THE FACT THAT 90 LDC'S WERE ABSENT OR ABSTAINED
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AT NAIROBI MEANS THAT ATTITUDE OF LDC'S REMAINS UNKNOWN. IT

WOULD BE HELPFUL IF U.S. WERE TO INTRODUCE PROPOSAL AT HLGC TO GET MAXIMUM DC BACKING PRIOR TO DETAILED DISCUSSION IN CIEC RAW MATERIALS COMMISSION.

3. AUSTRALIA CAN SEE DIFFICULTIES WITH IRB IF IT WERE TO MEAN THAT CAPITAL INVESTMENTS IN DEVELOPMENT OF CERTAIN COMMODITIES WERE MADE WITHOUT CAREFUL CONSIDERATION OF EFFECTS OF SUCH INCREASED PRODUCTION ON WORLD COMMODITY PRICES. IRB WOULD NEED TO WORK CLOSELY WITH COMMODITY ASSOCIATIONS TO BE OF MAXIMUM BENEFIT.

4. WE REGARD FREER ACCESS TO COMMODITY MARKETS AS AN AREA OF HIGHER PRIORITY FOR LDC'S THAN AVAILABILITY OF INVESTMENT CAPITAL. OUR VIEW OF USEFULNESS OF AN IRB WILL BE INFLUENCED BY SUCCESS OR OTHERWISE OF AGREEMENTS AND UNDERSTANDINGS ON COMMODITIES SUCH AS LOME CONVENTION.

5. WILLINGNESS SUPPORT MAY BE INFLUENCED BY ACCESS EXTENDED TO COMMODITY MARKETS FOR LDC'S, BUT THIS SHOULD NOT BE AT EXPENSE OF MAJOR COMMODITY EXPORTERS AMONG G-8, NOTABLY AUSTRALIA AND CANADA. FULL G-8 CONSULTATION ABSOLUTELY NECESSARY.

6. AUSTRALIAN WOULD BE EXPECTED TO CONTRIBUTE TOWARD THE INITIAL TARGET OF \$1 BILLION TO COVER INVESTMENT GUARANTEE PROGRAM. IT WOULD HELP TO KNOW WHETHER A CONTRIBUTION TO FUND WOULD BE REGARDED AS AN AID DISBURSEMENT BY OECD/DAC IN KEEPING WITH THAT BODY'S VIEW ON CONTRIBUTION TO IFC.

7. AUSTRALIA WOULD BE INTERESTED IN RECEIVING FURTHER DETAILS OF WHAT THE AMERICANS HAVE IN MIND REGARDING PROCEDURES FOR CONCILIATION OR ADJUDICATION OF DISPUTES BETWEEN PRIVATE INTERESTS AND HOST GOVERNMENTS.

8. COMMENT: WHITE SAID THAT PAPER STILL STRICTLY POSITION OF ECONOMIC RELATIONS DIVISION OF DFA AND THAT IT HAD NOT YET BEEN FULLY DISCUSSED WITH TREASURY, DEPARTMENT OF OVERSEAS TRADE (DOT) AND OTHER INTERESTED DEPARTMENTS. HE ADMITTED THAT DOT INCLINED BE MORE "BEARISH" ON SUBJECT, MORE STRONGLY FEARING COMPETITION FROM FUTURE INVESTMENTS IN LDC'S AND THEIR EFFECT ON COMMODITY PRICES (CANBERRA 4665). FINAL LIMITED OFFICIAL USE

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GOA POSITION THUS LIKELY BE EVEN MORE CAUTIOUS. END COMMENT.

9. ACTION REQUESTED: EMBASSY WOULD APPRECIATE RECEIPT OF MATERIAL SETTING FORTH USG VIEWS ON MATTERS RAISED IN PARAS SIX AND SEVEN.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LESS DEVELOPED COUNTRIES, INTERNATIONAL ORGANIZATIONS, BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CANBER05579
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760298-0358
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760894/aaaadecg.tel
Line Count: 113
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 CANBERRA 4665, 76 STATE 150357, 76 STATE 142614
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2004 by SmithRJ>; APPROVED <13 AUG 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VIEWSO OF AUSTRALIAN DEPARTMENT OF FOREIGN AFFAIRS (DFA) ON INTERNATIONAL RESOURCES BANK (IRB)
TAGS: ECON, EFIN, ETRD, PORO, AS, US, OECD, UNCTAD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006